

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton;
Tony Hammond; and
Robert G. Taub

Competitive Product Prices
First-Class Package Service
First-Class Package Service Contract 2

Docket No. MC2012-18

Competitive Product Prices
First-Class Package Service Contract 2
(MC2012-18)
Negotiated Service Agreement

Docket No. CP2012-24

NOTICE AND ORDER CONCERNING THE ADDITION OF FIRST-CLASS PACKAGE
SERVICE CONTRACT 2 TO THE COMPETITIVE PRODUCT LIST

(Issued May 11, 2012)

I. INTRODUCTION

In accordance with 39 U.S.C. 3642 and 39 CFR 3020.30 *et seq.*, the Postal Service filed a formal request and associated supporting information to add First-Class Package Service Contract 2 to the Competitive Product List.¹ The Postal Service asserts that First-Class Package Service Contract 2 is “a competitive product not of

¹ Request of the United States Postal Service to Add First-Class Package Service Contract 2 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors' Decision, Contract, and Supporting Data, May 9, 2012 (Request).

general applicability within the meaning of 39 U.S.C. § 3632(b)(3).” *Id.* at 1. The Request has been assigned Docket No. MC2012-18.

The Postal Service contemporaneously filed a redacted contract related to the proposed new product. *Id.*, Attachment B. The instant contract has been assigned Docket No. CP2012-24.

Request. To support its Request, the Postal Service filed the following six attachments:

- Attachment A—a redacted version of the Governors’ Decision and accompanying analysis. An explanation and justification is provided in the Governors’ Decision and analysis filed in the unredacted version under seal;
- Attachment B—a redacted version of the instant contract;
- Attachment C—the proposed changes in the Mail Classification Schedule with the addition underlined;
- Attachment D—a Statement of Supporting Justification as required by 39 CFR 3020.32;
- Attachment E—a certification of compliance with 39 U.S.C. 3633(a)(1), (2), and (3); and
- Attachment F—an application for non-public treatment of the materials filed under seal. The materials filed under seal are the unredacted version of the instant contract and the required cost and revenue data.

In the Statement of Supporting Justification, Dennis R. Nicoski, Manager, Field Sales Strategy and Contracts, asserts that the instant contract will cover its attributable costs, make a positive contribution to cover institutional costs, and increase contribution toward the requisite 5.5 percent of the Postal Service’s institutional costs. *Id.*, Attachment D at 1. Mr. Nicoski contends that there will be no issue of subsidization of market dominant products by competitive products as a result of the instant contract. *Id.*

Instant contract. The Postal Service included a redacted version of the instant contract with the Request. *Id.*, Attachment B. It is scheduled to become effective on

the day the Commission issues all necessary regulatory approval (Effective Date). *Id.* at 2. It will expire 1 year from the Effective Date unless, among other things, either party terminates the agreement with 30 days written notice to the other party. *Id.* The Postal Service represents that the related contract is consistent with 39 U.S.C. 3633. *Id.*, Attachment D.

The Postal Service filed much of the supporting materials, including the unredacted version of the instant contract, under seal. *Id.*, Attachment F. It maintains that the unredacted Governors' Decision, the unredacted version of the instant contract, and supporting documents establishing compliance with 39 U.S.C. 3633 and 39 CFR 3015.5 should remain confidential. *Id.* at 1. The Postal Service asks the Commission to protect customer-identifying information from public disclosure indefinitely. *Id.*

Supplemental information. The Commission notes that the Postal Service contemporaneously filed five other First-Class Package Service contracts in separate dockets. The financial workpapers that support each contract use the same volume distribution percentages. Please provide the basis for the volume distribution for each contract. Please file this information by May 18, 2012.

II. NOTICE OF FILINGS

The Commission establishes Docket Nos. MC2012-18 and CP2012-24 to consider the Request and the instant contract, respectively.

Interested persons may submit comments on whether the Postal Service's filings in these dockets are consistent with the policies of 39 U.S.C. 3632, 3633, or 3642, 39 CFR 3015.5, and 39 CFR part 3020, subpart B. Comments are due no later than May 22, 2012. The public portions of these filings can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Katalin K. Clendenin to serve as Public Representative in these dockets.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket Nos. MC2012-18 and CP2012-24 to consider the matters raised in each docket.
2. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in these proceedings.
3. Comments by interested persons in these proceedings are due no later than May 22, 2012.
4. The supplemental information discussed in the body of this Order is due no later than May 18, 2012.
5. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Ruth Ann Abrams
Acting Secretary